

## As impact of walkout spreads

# GM strikers confront intransigence of US auto giant

By Jerry White

26 September 2007

As 73,000 auto workers at General Motors enter the third day of their strike, it is clear that the automaker, with the backing of major investors on Wall Street, is determined to weather a strike in order to impose the most sweeping concessions since the formation of the auto union in the great sit-down strikes of the 1930s.

The walkout, the first nation-wide auto strike in three decades and the first by GM workers since the 67-day strike in 1970, has shut down all 82 domestic facilities of the country's biggest auto producer. GM units in 30 states, including assembly plants, engine and metal fabrication factories, and parts distribution centers, have been closed. The company is reportedly losing 760 vehicles per hour—or 12,000 a day—at a cost of \$100 million daily.

The strike has already had an impact throughout the US and international auto industry. Parts giant Delphi Automotive, which depends on GM for 44 percent of its revenue, announced it was temporarily laying off hundreds of workers, including as many as 1,800 at its steering plant in Saginaw, Michigan. Companies that supply parts to GM employ some three million workers in the US.

The Canadian Auto Workers union said that over the next few days up to 100,000 members at six GM plants and several supplier plants would be off job. Four GM plants in Mexico will also be forced to close due to the lack of US-built engines and transmissions.

The Teamsters union has announced that its members will not cross UAW picket lines to pick up vehicles from factory lots for delivery to dealerships.

The strike has won sympathy from millions who see it as a struggle against years of corporate attacks on jobs and living standards. The cities where thousands of workers are picketing, including Detroit, Pontiac, St. Louis, Toledo and Buffalo, have suffered years of plant closings and growing poverty.

It is precisely because the action by GM workers has won such widespread support that a warning must be issued about the efforts of the United Auto Workers leadership to quickly wind up the strike and impose another betrayal on auto workers.

Several industry analysts have noted that a short strike would actually benefit GM. A walkout of two weeks or less would not drastically deplete the company's cash hoard and would allow it to reduce its bloated inventory of unsold

vehicles, an analyst from the Wall Street firm Lehman Brothers wrote in a note to investors Monday. GM had a 65-day supply, nearly one million cars and trucks, at the end of August, and had already announced plans to reduce production over the last three months of the year because of slow sales.

GM's intransigent stand is also boosting its credibility with big investors, who are demanding that the Big Three automakers (GM, Ford and Chrysler) drastically reduce labor costs in order to compete against their Asian and European rivals. In anticipation of a brutal cost-cutting deal, investors drove up the price of GM shares by almost 14 percent in the month before the strike began.

The UAW has already agreed to GM's major demand for the setting up of a so-called Voluntary Employees' Beneficiary Association, or VEBA, under which the company would give the union control of retiree health care obligations, while paying only a fraction of the billions of dollars it owes to former workers and their families.

Similar trust funds set up by the UAW at Caterpillar and Detroit Diesel have run out of money, leading to a sharp rise in co-pays and premiums for retirees. The union also helped impose wage cuts on new hires, claiming the concessions were needed to guarantee the long-term solvency of the fund.

The UAW leadership, having already accepted major health care concessions, had calculated that GM would be willing to provide some token guarantees of future factory investments and limits on outsourcing. This, they hoped, would allow the UAW to come back to its members having said it won some concessions.

Instead, GM drew a hard line and refused to allow the slightest restriction on its ability to move production overseas, slash wages and benefits, and expand the use of temporary workers.

In a radio interview in Detroit on Tuesday, UAW President Ron Gettelfinger complained that he had been forced to call the strike because GM had refused to meet the union "halfway."

According to an article in the *Wall Street Journal*, GM management said, "[T]he health-care trust would close only about half the cost gap with Asian auto makers, who are estimated to have labor costs of \$45 to \$50 an hour compared with \$70 to \$75 an hour at the Big Three." An auto executive

---

involved in the talks said the gap, “has to be gone by the end of the contract, or doing business in the United States in unsustainable.”

GM is reportedly demanding wage cuts and higher medical co-pays for active workers, the reduction of overtime payments, and the outsourcing of non-assembly line work. With much of its older workforce scheduled to retire over the next several years, GM is determined that the approximately 20,000 workers it will have to hire be paid substantially lower wages and benefits.

One insider told the *Journal* that GM is resisting job commitments unless it is allowed to give new-hires reduced benefits, such as 401 (K) plans instead of pensions fully paid by the companies—a gain UAW workers won in 1949 and 1950.

Gettelfinger and UAW negotiators returned to the bargaining table Tuesday, to plead with GM to give them some promises of “job security” so they can sell the VEBA concession to the membership. The overriding concern of the UAW is to get its hands on what would become one of the largest investment funds in the US. As for job security provisions, these have done nothing to stop the plant closings and mass layoffs that have eliminated 600,000 Big Three jobs since 1978.

Over the last three decades, the chief role of the UAW has been to suppress the class struggle and facilitate the efforts of Detroit’s Big Three automakers and corporate America in rolling back the living standards and working conditions of labor.

Auto workers are confronting a battle on two fronts: against GM and against the company stooges in the UAW bureaucracy. This struggle cannot be won if it is left in the hands of the UAW, which will seek to isolate the strike and use economic pressure (picketers only receive a \$200 weekly strike check) to force workers back to work with a sell-out agreement.

Rank-and-file strike committees should be organized—independently of the UAW—to turn out to the entire working class for support. The strike should be extended to Ford and Chrysler, and to Delphi and the other parts

suppliers. Mass meetings and demonstrations should be organized to win the support of salaried workers—who are also facing job, wage and benefit cuts—as well as to all working people and youth in communities targeted for plant closings and layoffs.

The nationalist poison peddled by the UAW bureaucracy to divide US workers from their class brothers in other countries must be rejected and a direct appeal made to workers in Canada, Mexico, Brazil, Japan and other countries to wage a common struggle against the global auto companies.

The VEBA scheme must be rejected. Rank-and-file negotiating committees should be elected to formulate the demands of the strike based on the widest democratic input of all workers. Negotiations must be taken out of the hands of the UAW bureaucracy and the behind-the-scenes maneuvering ended by opening the talks to the purview of the workers.

There should not be any illusions: to defeat the VEBA and stop the gutting of jobs, wages and working conditions a massive fight is required. Decades of UAW betrayals have led to the loss of conquests achieved by previous generations of auto workers. To halt and reverse this decline, the broadest possible struggle must be mounted to mobilize the entire working class.

This requires not only an industrial struggle, but also an entirely new political strategy. The necessary fight to expand the strike will be met with ferocious attacks by the corporate elite, its servile media, the courts and the entire political establishment, Democrats no less than Republicans.

The central political means by which the UAW has suppressed the struggle of auto workers and subordinated them to the dictates of big business is its alliance with the Democratic Party, one of the two parties of Wall Street. This deadly alliance must be broken.

GM workers should raise the demand for the building of an independent political movement of working people directed against the entire economic and political setup in America, which sacrifices the needs of workers to the further enrichment of the financial elite.

---

© World Socialist Web Site

To contact the WSWS and the Socialist Equality Party visit: <http://www.wsws.org>

---